

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM
Meeting Date: November 19, 2008
Request Infill Grant Approval**

Prepared by: *Center for Creative Land Recycling (CCLR) and Jason L. Bradley, CPCFA*

Applicant: Sacramento Housing and Redevelopment Agency	Type of Funding Grant
Developer: Domus Development, LLC	Requested: \$218,150
	Amount Requested: CCLR
	Strategic Partner:
Project Name: La Valentina	
Project Location: Sacramento (Sacramento County)	

Summary. Sacramento Housing and Redevelopment Agency, (the “Applicant or SHRA”) requests approval of a grant in the amount not to exceed \$218,150 to finance the remediation of a brownfield to develop La Valentina. The Applicant anticipates the Development Project will create 70 housing units. The development will create 7 unrestricted rental live/work units and 63 units of affordable, for-sale, supportive housing for homeless populations, including 23 units restricted at 50-120% of the Area median Income (AMI), 22 units at 40-50% AMI, and 18 units at less than or equal to 50% AMI.

Applicant. The Sacramento Housing and Redevelopment Agency is a redevelopment agency established in January 1973.

Legal Questionnaire. The Strategic Partner has reviewed the Applicant’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Brownfield Project Description. There is reason to believe a car repair shop may have been located on site. Environmental investigations reveal heavy metals in the soil including: arsenic, lead, and mercury.

Description of Activity	Amount Financed by Infill Grant
Permitting, Engineering, Approvals and Procurement	\$ 10,000
Excavation, Hauling, Disposal, Fees, Backfill, Demobilization	155,000
Oversight, Sampling, Analysis, Reporting, Closure Request	15,000
Board of Equalization Taxes/Fees	38,150
TOTAL ESTIMATED COST	<u>\$218,150</u>

Oversight Agency. Sacramento County Environmental Management Department (SCEMD)

Infill Development Project Description. The Project is proposed to be a mixed use transit oriented development with a combination of rental and for sale housing. The development will create 7 unrestricted rental live/work units and 63 units of affordable, for-sale, supportive housing for homeless populations, including 23 units restricted at 50-120% of the Area median Income (AMI), 22 units at 40-50% AMI, and 18 units at less than or equal to 50% AMI. The project will be 3 and 4 stories and include 63 residential units and 7,000 sqft of commercial space.

Permits. SHRA intends to apply for CEQA, alley abandonment, lot merger approval, condo map/special permit, special permit/variances, design review, tree removal, grading permit and building permits.

Anticipated Timeline.

- Cleanup to Begin: December 2008
- Cleanup to be Completed: December 2009
- Development to Begin: July 2009
- Development to be Completed: June 2010

Local Government Support. La Valentina is consistent with the Sacramento Alkali Flat Redevelopment Strategy. The community has been involved in every step of the negotiations process. SHRA and Domus Development (developer) have met with the Alkali Flat Redevelopment Advisory Community (RAC) on 5 separate occasions to discuss and gain consensus on the project over the last 18 months.

A letter of support has been received for the project including:

Local Community Support.

- Meea Kang, President, Domus Development, LLC (A-1)
- Fitzgerald Miller, Chair, Alkali Flat Redevelopment Advisory Committee (A-2)

Government Official Support.

- Dana Booth Acting Chief, Water Protection Division, County Environmental Management Department (A-3)
- LaShelle Dozier, Interim Executive Director, Sacramento Housing & Redevelopment Agency (A-4)

Application Score. The project earned a score of **100** out of **120** points in the following categories:

(a) Readiness to Proceed. TOTAL - 20/40.

- (1) **Applicant has demonstrated that environmental review can be completed and all necessary entitlements can be received from the local jurisdiction within two years if receiving the award - 10/10-** The applicant expects to receive a CEQA exemption for infill affordable housing projects on October 2008.

- (2) **Funding commitments are in place, or financing applications are under review, for the Infill Development Project - 0/10.**
 - (3) **The Infill Development Project has local community and government support - 10/10** - Local and community support includes the Alkali Flats Redevelopment Advisory Committee, the Sacramento Housing and Redevelopment Agency, and the County of Sacramento Environmental Management Department.
 - (4) **Cleanup Plan has been approved by Oversight Agency - 0/5.**
 - (5) **Applicant has building permits, and all other governmental permits (i.e. encroachment, ROW, etc.) in place or under review - 0/5.**
- (b) **Location within an Economically Distressed Community. TOTAL - 30/30.** The Project is within a redevelopment project area.
- (c) **Location within a Priority Development of a Local Governmental Entity. TOTAL - 10/10.** The Project is listed as a priority development area in the Redevelopment Agency's Alkali Flat Redevelopment Implementation Plan.
- (d) **Depth of Affordability. TOTAL - 10/10.** 26% of the Project's 70 units are restricted to residents at or below 40% AMI, well above the 15% threshold for 10 points.
- (e) **Percentage of Affordability. TOTAL - 15/15.** The Project's units are meeting the program's 50% threshold for a full 15 points.
- (f) **Utilization of Green Building Methods. TOTAL - 5/5.** The Applicant expects to obtain LEED certification for the Project for 5 points.
- (g) **Cleanup Plan for the Brownfield Infill Project does not require Ongoing Operation and Maintenance. TOTAL - 10/10.** The cleanup plan does not require any Ongoing Operation & Maintenance.

Tie-Breaker.

- (a) Total Brownfield Infill Project Cleanup Plan Cost: \$218,150
- (b) Total no. residential housing units produced and/or promoted by Infill Development Project:
- (c) Tie-breaker ratio [(a) / (b)]: \$3,116/ unit

Financing Details.

- Amount of Overall Financing to be Leveraged:
 - Total Project Cost = \$27,700,400
 - Total CALReUSE Infill Grant Funding = \$218,150
 - CALReUSE remediation funding is leveraged **126 to 1**
- Sources of Financing for Brownfield Infill Project: CALReUSE.

Agenda Item - 4.C.18.

- Sources of Financing for Infill Development Project: Sacramento Housing and Redevelopment Agency tax increment, HUD-MHP, Prop 1C TOD Infill Grant, TCAC 4% Tax credit.

Staff Recommendation: Staff recommends approval of the attached resolution for Sacramento Housing and Redevelopment Agency for an amount not to exceed \$218,150.

**A RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING
AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING FOR
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM**

November 19, 2008

WHEREAS, the California Pollution Control Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized by the Regulations adopted to implement and make specific the statutory provisions of the California Recycle Underutilized Sites (CALReUSE) Remediation Program;

WHEREAS, the statutory provisions of the CALReUSE Remediation Program authorize grant and loan funding for the purpose of brownfield cleanup that promotes infill residential and mixed-use development, consistent with regional and local land use plans;

WHEREAS, the Authority solicited applications for the CALReUSE Remediation Program and such applications were evaluated and scored pursuant to the Authority’s Regulations;

WHEREAS, Sacramento Housing and Redevelopment Agency has submitted an application for the CALReUSE Remediation Program for a grant in the amount of \$218,150 for the La Valentina Project;

WHEREAS, the Strategic Partner Center for Creative Land Recycling has reviewed the application and determined to recommend the La Valentina Project to the Authority for funding consideration;

WHEREAS, the Authority staff has reviewed the Strategic Partner’s recommendation and has determined to recommend the La Valentina Project for funding; and

WHEREAS, approval of a grant for the Sacramento Housing and Redevelopment Agency (“Applicant” and “Grantee”) by the Authority is now sought;

NOW THEREFORE BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. Pursuant to the Regulations, the Authority hereby finds that the La Valentina Project (the “Project”) is eligible for financing and hereby approves the grant described in the staff summary for the Project described in the Applicant’s CALReUSE Infill Application to the Authority.

Section 2. The Executive Director is hereby authorized for and on behalf of the Authority to take all steps necessary with respect to the Applicant including notifying the Applicant that its Application has been approved for funding, preparing a commitment letter that contains the terms and conditions of funding for the Grantee, preparing and executing the final form of grant agreement and disbursing funds pursuant to the grant agreement and the Authority’s Regulations.

Section 3. The Executive Director is hereby authorized for and on behalf of the Authority to approve any changes in the Project described in Exhibit A of the grant agreement as the Executive Director shall deem appropriate and authorized under the Regulations (provided that the amount of the grant may not be increased above the amount approved by the Authority).

Section 4. The Executive Director is hereby authorized and directed, for and on behalf of the Authority, to draw money from the Proposition 1C (2006) funds allocated to this Program not to exceed those amounts approved by the Authority for the Project approved in Section 1. The Executive Director is further authorized and directed, for and on behalf of the Authority, to execute and deliver for the Project identified in Section 1 any and all documents necessary to complete the transfer of funds. The authority of the Executive Director is limited to payment of claims made by the Grantee in accordance with the Regulations and the grant Agreement.

Section 5. Any notice to the Applicant approved hereunder shall indicate that the Authority shall not be liable to the Applicant in any manner whatsoever should such funding not be completed for any reason whatsoever. Notice to the Applicant shall include a provision making it clear that continued funding under the program is not guaranteed but is entirely dependent upon funds being available to the CALReUSE Program and the Grantee continued compliance with the grant agreement and the regulations governing the CALReUSE Program.

Section 6. The Executive Director of the Authority is hereby authorized and directed, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby, and which have heretofore been approved as to form by the Authority.

EXHIBIT A

TERM SHEET

Name of Project: La Valentina

Maximum Amount of Grant/Loan: \$218,150

Strategic Partner: Center for Creative Land Recycling

Grantee: Sacramento Housing and Redevelopment Agency

Financing Structure: Grant

Maximum Grant Term: Not to exceed 6 years from first draw on funds

Oversight Agency: Sacramento County Environmental Management Department

Project Location: 1210 D Street, 1209 E Street, 417 12th Street, 429 12th Street, 415 12th Street Sacramento, CA 95814

Infill Development Description: The development will 70 housing unites: 7 unrestricted rental live/work units and 63 units of affordable, for-sale, supportive housing for homeless populations; including 23 units restricted at 50-120% of the Area median Income (AMI), 22 units at 40-50% AMI, and 18 units at less than or equal to 50% AMI.

Project: Description of Activity	Estimated Cost
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Oversight, Sampling, Analysis, Reporting, Closure Request	15,000
Board of Equalization Taxes/Fees	<u>38,150</u>
TOTAL ELIGIBLE BROWNFIELD INFILL COSTS	<u>\$218,150</u>

Attachment A

EXHIBIT 26

October 14, 2008



Brad Satterwhite
Sacramento Housing and Redevelopment Agency
600 I Street
Sacramento, California

RE: La Valentina Affordable Housing CEQA Exemption

Dear Brad:

Domus Development, LLC (Domus) plans to submit a development application for the La Valentina Affordable Housing to the City of Sacramento on Monday October 20th. The application will request a CEQA exemption for projects applicable to affordable housing.

La Valentina Affordable Housing qualifies for CEQA exemption under California Code of Regulations Section 15332, Categorical Exemption Class 32: In-Fill Development projects. This section provides CEQA exemptions for projects located on infill sites, surrounded by urban uses and near or adjacent to transit. Additionally, the site complies by being less than 5 acres, already is served by required utilities and does not significantly affecting traffic, noise, air quality or water quality.

Please do not hesitate to contact me if you have any additional questions or concerns.

Respectfully submitted,

Mee Kang
President

Domus Development
San Francisco Office
149 Fell Street
San Francisco CA
94102
p 415-558-9500
f 415-558-9511

Irvine Office
9 Cushing, Suite 200
Irvine CA 92618
p 949-585-7800
f 949-585-0444

Attachment A

October 3, 2008

Stephanie Shakofsky
Executive Director
Center for Creative Land Recycling
200 Pine Street, Suite 400
San Francisco, CA 94104

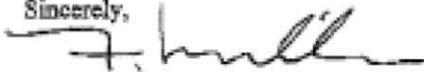
Dear Ms. Shakofsky:

As the Chair of the Redevelopment Advisory Committee, I am affirming my commitment to the Sacramento Housing and Redevelopment Agency's (SHRA) application to the California Recycle Underutilized Sites (CALReUSE) Remediation Program for La Valentina Development Project ("La Valentina"). La Valentina, located in the Alkali Flat Redevelopment Area, is characterized by a well-established neighborhood, close proximity to downtown, multi-modal access, and strong community and public commitment.

I understand that the CALReUSE program is intended to provide cleanup funds for creating housing and mixed use opportunities in infill and economically distressed areas. The goal of the redevelopment area implementation plan also includes providing housing for all families, as well as creating job opportunities and leveraging private investment in the neighborhood. This program would eliminate a significant barrier and spur transit-supportive development around the La Valentina light rail station; furthering our goal of revitalizing our community.

We work in partnership with residents, property owners, businesses, investors, and other public, private and non-profit community builders as part of the solution for a better Sacramento. The community is committed to assisting SHRA in reducing uncertainty about environmental contamination in the area, encouraging residential and commercial development.

Sincerely,



Fitzgerald Miller, Chair
Alkali Flat Redevelopment Advisory Committee

Attachment A

EX 20

Countywide Services Agency
Environmental Management
Department

Water Protection Division
Jecilia Jensen, Chief



County of Sacramento

Terry Schwetten, County Executive
Penelope Clarke, Agency Administrator
Val F. Siebal, Department Director

October 1, 2008

Stephanie Shakofsky
Executive Director
Center for Creative Land Recycling
200 Pine Street, Suite 400
San Francisco, CA 94104

Dear Ms. Shakofsky:

As Acting Chief of the Water Protection Division – Sacramento County Environmental Management Department, I am affirming our commitment to the Sacramento Housing and Redevelopment Agency's (SHRA) application to the California Recycle Underutilized Sites (CALReUSE) Remediation Program for La Valentina. La Valentina, located in the Alkali Flat Redevelopment Area, is characterized by a well-established neighborhood, close proximity to downtown, multi-modal access, and strong community and public commitment.

We understand that the CALReUSE program is intended to provide cleanup funds for creating housing and mixed use opportunities in infill and economically distressed areas. The goal of the redevelopment area implementation plan also includes providing housing for all families, as well as creating job opportunities and leveraging private investment in the neighborhood. The program proposed by SHRA would eliminate a significant barrier and spur transit-supportive development around the La Valentina light rail station; furthering our goal of revitalizing our community while reducing vehicular emissions.

SHRA works in partnership with residents, property owners, businesses, investors, and other public, private and non-profit community builders as part of the solution for a better Sacramento. The Sacramento County Environmental Management Department is committed to assisting SHRA in reducing uncertainty about environmental contamination in the area, encouraging residential and commercial development.

Sincerely,

Dana W. Booth
Acting Chief, Water Protection Division
Sacramento County Environmental Management Department

DWB:ea

Attachment A



October 20, 2008

Stephanie Shakofsky
Executive Director
Center for Creative Land Recycling
200 Pine Street, Suite 400
San Francisco, CA 94104

Dear Ms. Shakofsky:

As Interim Executive Director of the Sacramento Housing and Redevelopment Agency (SHRA), I am affirming our commitment to the application to the California Recycle Underutilized Sites (CALReUSE) Remediation Program for La Valentina. La Valentina, located in the Alkali Flat Redevelopment Area, is characterized by a well-established neighborhood, close proximity to downtown, multi-modal access, and strong community and public commitment.

We understand that the CALReUSE program is intended to provide cleanup funds for creating housing and mixed use opportunities in infill and economically distressed areas. The goal of the redevelopment area implementation plan also includes providing housing for all families, as well as creating job opportunities and leveraging private investment in the neighborhood. This program would eliminate a significant barrier and spur transit-supportive development around the La Valentina light rail station; furthering our goal of revitalizing our community.

We work in partnership with residents, property owners, businesses, investors, and other public, private and non-profit community builders as part of the solution for a better Sacramento. SHRA is committed to reducing uncertainty about environmental contamination in the area and encouraging residential and commercial development.

Sincerely,


Lashelle Dozier
Interim Executive Director

P.O. Box 634
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916.444.5210
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